

**STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR**

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2005

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2005

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STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR

AGENCY OFFICIALS

Director (7/5/2004 to current)	Mr. Arthur Ludwig
Acting Director (11/1/2003 to 6/30/2004)	Ms. Esther R. Lopez
Director (7/1/2003 to 10/31/2003)	Mr. Michael J. Fenger
Assistant Director (4/4/2005 to current)	Mr. Bert Rodriguez
Assistant Director (11/1/2003 to 4/4/2005)	Vacant
Assistant Director (10/6/2003 to 10/31/2003)	Ms. Esther R. Lopez
Legal Counsel (6/1/2005 to 10/31/2005)	Mr. James Murray
Legal Counsel (7/1/2003 to 5/20/2005)	Mr. George Sisk
Fiscal Officer	Mr. Bob Blinn

Department offices are located at:

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Chicago, IL 60601

State Regional Office
2309 West Main
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ILLINOIS DEPARTMENT OF LABOR

Rod R. Blagojevich
Governor

Art Ludwig
Director

November 17, 2005

Honorable William G. Holland
Auditor General
State of Illinois
Hes Park Plaza
740 East Ash
Springfield, IL 62703-3154

Dear Mr. Holland:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Agency. We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the Agency's compliance with the following assertions during the two-year period ended June 30, 2005. Based on this evaluation, we assert that during the years ended June 30, 2005 and June 30, 2004, the Agency has materially complied with the assertions below.

- A. The agency has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The agency has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The agency has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The State revenues and receipts collected by the agency are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. The money or negotiable securities or similar assets handled by the agency on behalf of the State or held in trust by the agency have been properly and legally administered, and the

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Letter to Auditor General
November 17, 2005
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F. accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

Department of Labor



Art, Ludwig, Director



Bob Blinn, Fiscal Officer

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR

COMPLIANCE REPORT

SUMMARY

The compliance testing performed in this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

AUDITORS' REPORTS

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes contains certain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>This Report</u>	<u>Prior Report</u>
Findings	13	6
Repeated findings	4	2
Prior recommendations implemented or not repeated	2	2

Details of findings are presented in a separately tabbed report section.

SCHEDULE OF FINDINGS

FINDINGS (STATE COMPLIANCE)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
05-1	10	Efficiency Initiative Payments
05-2	12	GAAP reporting weaknesses
05-3	14	Inadequate control over revenues
05-4	17	Inaccurate accounts receivable records and reporting
05-5	18	Receipts not deposited timely
05-6	19	Inadequate control over contractual agreements
05-7	21	Property control weaknesses
05-8	23	Improper use of appropriated funds
05-9	25	Voucher processing weaknesses

05-10	26	Performance evaluations not completed
05-11	27	Noncompliance with Illinois Procurement Code
05-12	28	Voucher approval weaknesses
05-13	29	Time sheets not maintained in compliance with the State Officials and Employees Ethics Act

PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)

05-14	31	Inadequate Controls over Revenues and Receivables
05-15	31	Noncompliance with Toxic Substances Disclosure Act

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Department personnel at an exit conference on February 9, 2006. Attending were:

Illinois Department of Labor
 Art Ludwig, Director
 Mike Kleinik, Chief of Staff
 Bob Blinn, Fiscal Officer

Office of the Auditor General
 Jane Clark, Audit Manager
 Courtney Dzierwa, Audit Supervisor

Responses to the recommendations were provided on February 16, 2006 by Bob Blinn, Fiscal Officer.

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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE,
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have examined the State of Illinois, Department of Labor's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the years ended June 30, 2005. The management of the State of Illinois, Department of Labor is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Department of Labor's compliance based on our examination.

- A. The State of Illinois, Department of Labor has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The State of Illinois, Department of Labor has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The State of Illinois, Department of Labor has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The State revenues and receipts collected by the State of Illinois, Department of Labor are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the State of Illinois, Department of Labor on behalf of the State or held in trust by the State of Illinois, Department of Labor have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the State of Illinois, Department of Labor's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the State of Illinois, Department of Labor's compliance with specified requirements.

As described in finding 05-3 in the accompanying schedule of State findings, the State of Illinois, Department of Labor did not comply with requirements regarding the accounting and recordkeeping of revenues and receipts collected by the State of Illinois, Department of Labor and deposited into the General Revenue Fund (Fund 001), the Special State Trust Fund (Fund 251), and the Child Labor Law Enforcement Fund (Fund 357). More specifically, the Department did not comply with the Statewide Accounting Management System (SAMS) Procedure 25.40.20, which requires the Department to reconcile account balances on a monthly basis and notify the State Comptroller's Office of any unreconcilable differences so necessary corrective action can be taken to locate the differences and correct the accounting records. The Department also inappropriately used funds collected under the Illinois Wage Payment and Collection Act (820 ILCS 115/6). Furthermore, the Department did not comply with good business practices, which require sufficient and properly designed accounting records be maintained to adequately control fiscal operations and provide reliable data for necessary management reports and requires a thorough review of supporting documentation to ensure receipts are deposited into the appropriate fund. Compliance with such requirements is necessary, in our opinion, for the State of Illinois, Department of Labor to comply with the aforementioned requirements.

In our opinion, except for the noncompliance described in the preceding paragraph, the State of Illinois, Department of Labor complied, in all material respects, with the aforementioned requirements during the two years ended June 30, 2005. However, the results of our procedures disclosed other instances of noncompliance, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of State findings as findings 05-1, 05-2, 05-4, 05-5, 05-6, 05-7, 05-8, 05-9, 05-10, 05-11, 05-12, and 05-13. As required by the Audit Guide, immaterial findings relating to instances of noncompliance excluded from this report have been reported in a separate letter.

Internal Control

The management of the State of Illinois, Department of Labor is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations. In planning and performing our examination, we considered the State of Illinois, Department of Labor's internal control over compliance with the aforementioned requirements in order to determine our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide issued by the Illinois Office of the Auditor General.

We noted certain matters involving internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the State of Illinois, Department of Labor's ability to comply with one or more of the aforementioned requirements. Reportable conditions are described in the accompanying schedule of State findings as findings 05-1, 05-2, 05-3, 05-4, 05-5, 05-6, 05-7, 05-8, 05-9, 05-10, 05-11, 05-12, and 05-13.

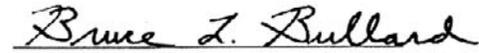
A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to one or more of the aforementioned requirements being examined may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of internal control over compliance would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider finding 05-3 to be a material weakness. Additionally, the results of our procedures disclosed other deficiencies in internal control, which are required to be reported in accordance with criteria established by the Audit Guide issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of State findings as findings 05-1, 05-2, 05-4, 05-5, 05-6, 05-7, 05-8, 05-9, 05-10, 05-11, 05-12, and 05-13. As required by the Audit Guide, immaterial findings related to internal control deficiencies excluded from this report have been reported in a separate letter.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2005 and 2004 Supplementary Information for State Compliance Purposes, except for information on the Service Efforts and Accomplishments on which we did not perform any procedures. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2003 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, and agency management, and is not intended to be and should not be used by anyone other than these specified parties.


BRUCE L. BULLARD, CPA
Compliance Audit Director

November 17, 2005

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2005

05-1. **FINDING** (Efficiency Initiative Payments)

The Illinois Department of Labor (Department) made payments for efficiency initiative billings from improper line item appropriations.

Public Act 93-0025, in part, outlines a program for efficiency initiatives to reorganize, restructure and reengineer the business processes of the State. The State Finance Act details that the amount designated as savings from efficiency initiatives implemented by the Department of Central Management Services (CMS) shall be paid into the Efficiency Initiatives Revolving Fund. **“State agencies shall pay these amounts...from the line item appropriations where the cost savings are anticipated to occur.”** (30 ILCS 105/6p-5)

The Department received two FY04 billings and one billing in FY05 for savings from efficiency initiatives. The initiatives and amounts billed to the Department for FY04 and FY05 were:

INVOICE BILLING DATE	INITIATIVE	BILLED AMOUNT
FY04		
9/19/03	Procurement Efficiency	\$ 34,057
9/19/03	Information Technology	\$ 18,409
FY05		
4/21/05	Information Technology	\$ 9,183
Grand Total FY04-FY05		\$ 61,649

The Department reported it did not receive guidance or documentation with the FY04 billings from CMS detailing where savings were to occur nor did CMS provide evidence of savings for the amounts billed. Additionally, staff reported that the Department does not do any major purchasing and has not seen or experienced any savings from the efficiency initiatives.

Based on our review, we question whether the appropriate appropriations, as required by the State Finance Act, were used to pay for the anticipated savings. We found that the Department made payments in FY04 for these billings **not** from line item appropriations where the cost savings were anticipated to have occurred but from line items that had available funds. The Department paid 68 percent (\$23,057 of the total of \$34,057) of the FY04 procurement billing from travel line item appropriations.

The FY05 billing contained more detail and it appears the Department paid this from proper appropriations.

The table below provides an illustration of the specific funds and line items the Department used to make payments for the efficiency initiatives. Additionally, the table illustrates which efficiency initiatives were paid from the various line item appropriations.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2005

FUND	LINE ITEM APPROPRIATION	AMOUNT PAID	TOTAL APPROPRIATION FOR LINE ITEM	EFFICIENCY INITIATIVE	
				PROCUREMENT	INFORMATION TECHNOLOGY
FY04					
GRF	For Travel	\$ 23,057	\$ 206,400	✓	
GRF	For Commodities	\$ 3,000	\$ 11,900	✓	
GRF	For Printing	\$ 6,000	\$ 14,700	✓	
GRF	For Electronic Data Processing	\$ 18,409	\$ 99,700		✓
GRF	For Telecommunications	\$ 2,000	\$ 25,700	✓	
FY05					
GRF	For Electronic Data Processing	\$ 9,183	\$ 83,637		✓

Use of appropriations unrelated to the cost savings initiatives results in non-compliance with the State Finance Act. Furthermore, use of appropriations for purposes other than those authorized by the General Assembly effectively negates a fundamental control established in State government. Finally, use of funds unrelated to the savings initiative may result in an adverse effect on services the Department provides. (Finding Code No. 05-1)

RECOMMENDATION

We recommend that the Department only make payments for efficiency initiative billings from line item appropriations where savings would be anticipated to occur. Further, the Department should seek an explanation from the Department of Central Management Services as to how savings levels were calculated, or otherwise arrived at, and how savings achieved or anticipated impact the Department's budget.

DEPARTMENT RESPONSE

The Department of Labor agrees.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2005

05-2. **FINDING** (GAAP reporting weaknesses)

The Illinois Department of Labor (Department) did not provide complete support for amounts reported in the Department's Fiscal Year 2005 Generally Accepted Accounting Principles (GAAP) packages submitted to the Office of the Comptroller in a timely manner. In addition, some of the estimated amounts reported by the Department differed materially from the actual amounts. We noted the following:

- The Department underestimated its August expenditures from the General Revenue Fund (Fund 001) by \$172,313. The Department reported estimated August expenditures from the General Revenue Fund to be \$34,000, but actual August expenditures from the General Revenue Fund totaled \$206,313.
- The Department did not provide complete support for a \$23,000 cash adjustment posted to their General Revenue Fund GAAP package in a timely manner. The complete support was provided on February 9, 2006.
- The Department overestimated its August expenditure activity for the Special State Trust Fund (Fund 251) by \$4,000. The Department reported estimated August expenditures for the Special State Trust Fund to be \$21,000, but actual August expenditures from the Special State Trust Fund totaled \$17,000.

The Statewide Accounting Management System (SAMS) (Procedure 27.10.10) requires careful examination of financial data during the preparation of GAAP reporting packages. In addition, good business practices require adequate documentation and properly designed accounting records be maintained to support financial data and provide reliable data for necessary management reports.

Department personnel stated the exceptions were oversights which occurred while other priorities were given precedence.

GAAP packages submitted by State agencies are used to compile the Illinois State Comprehensive Annual Financial Report. The failure to provide accurate information to the Office of the Comptroller could result in inaccuracies in the Statewide financial statements. (Finding Code No. 05-2, 03-1)

RECOMMENDATION

We recommend the Department implement procedures to ensure complete and accurate reporting of year-end accounting reports (GAAP package forms).

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2005

DEPARTMENT RESPONSE

The Department of Labor agrees.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2005

05-3. **FINDING** (Inadequate control over revenues)

The Illinois Department of Labor (Department) did not exercise adequate control over revenues in its General Revenue Fund (Fund 001), Special State Trust Fund (Fund 251) and Child Labor Law Enforcement Fund (Fund 357). We noted the following:

- 3 of 20 (15%) cash receipts amounts on a summary receipts schedule prepared by the Department did not trace to the Department's supporting documentation for two of the amounts presented for Fund 001 and for one amount presented for Fund 251. Differences for Fund 001 totaled \$9,514 and \$2,606 for Fiscal Years 2005 and 2004, respectively. A difference of \$617,986 for Fund 251 was noted in Fiscal Year 2005. Good business practices require sufficient and properly designed accounting records be maintained to adequately control fiscal operations and provide reliable data for necessary management reports.
- The Department did not have adequate support for three reconciling amounts presented in a summary receipts schedule prepared by the Department for Fund 001. The Department's June 30, 2004 reconciliation of Fund 001 contained an unexplained \$11,995 adjustment in conjunction with the implementation of the Department's new cash receipts system. The Department's June 30, 2005 reconciliation of Fund 001 included a \$2,567 adjustment that could not be explained.

In addition, the Department prepared reconciliations between Department records and the State Comptroller's Monthly Cash Report (Report SB05) for Fund 251. However, unexplained and unsupported adjustment amounts of \$3,408 and \$2,903 for Fiscal Years 2005 and 2004, respectively, were noted. In addition, the June 30, 2005 reconciliation included a \$4,703 adjustment for prior year voided warrants, yet this amount does not trace to records produced by the State Comptroller. The \$329 difference noted between Department records and State Comptroller reports was not adequately explained or supported. Statewide Accounting Management System (SAMS) Procedure 25.40.20 requires the Department to reconcile account balances on a monthly basis and notify the State Comptroller's Office of any unreconcilable differences so necessary corrective action can be taken to locate the differences and correct the accounting records.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2005

- The Department did not have adequate support for deposits-in-transit amounts as of June 30, 2005 and June 30, 2004 for Fund 001, Fund 357, and Fund 251. The Department reported deposits-in-transit amounts of \$36,195 and \$22,680 as of June 30, 2005 and June 30, 2004 for Fund 001. The Department also reported deposits-in-transit amounts of \$4,850 and \$13,150 as of June 30, 2005 and June 30, 2004 for Fund 357. In addition, for Fund 251, the Department prepared three separate documents that included deposit-in-transit amounts. However, the amounts provided of \$60,200, \$91,008, and \$91,524 by the Department did not trace or agree to each other or other supporting documentation provided by the Department. Department personnel provided auditors with handwritten records that did not include any underlying support which could be verified. Good business practices require sufficient and properly designed accounting records be maintained to adequately control fiscal operations and provide reliable data for necessary management reports.
- The Agency Fee Imposition Reports prepared by the Department for Fiscal Years 2004 and 2005 could not be reconciled to the State Comptroller's Monthly Revenue Status Reports (Report SB04). We noted differences between the Agency Fee Imposition Reports and Report SB04 totaling \$5,394 and \$101,580 for Fiscal Years 2005 and 2004, respectively. Good business practices require sufficient and properly designed accounting records be maintained to adequately control fiscal operations and provide reliable data for necessary management reports.
- The Department inappropriately used \$708 of revenues from Fund 251 for office and library supplies and printing items. The Illinois Wage Payment and Collection Act (820 ILCS 115/6) authorized the establishment of Fund 251 as a non-appropriated fiduciary fund in which owed but unpaid wages are collected from employers and held until the employees can be located and properly paid. As such, all monies held in the Fund are owed to unpaid workers and should not be used to purchase items for normal Department operations.
- The Department incorrectly deposited a \$13 receipt into Fund 251. The receipt was received for a penalty assessed against an employer and should have been deposited into the General Revenue Fund (Fund 001). Fund 251 is a non-appropriated fiduciary fund in which owed but unpaid wages are collected from employers and held until the employees can be located and properly paid. Good business practices require a thorough review of supporting documentation to ensure receipts are deposited into the appropriate fund.

Department personnel attributed the above items to oversight and personnel constraints in the accounting function, which limits the Department's ability to investigate and reconcile all differences.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2005

Failure to exercise adequate control over revenues is noncompliance with the State Officers and Employees Money Disposition Act and SAMS and could result in inaccurate statewide financial statement reporting. (Finding Code No. 05-3, 03-4)

RECOMMENDATION

We recommend the Department maintain detailed, verifiable records for all revenue transactions and ensure receipts are deposited into the proper fund and that revenues are appropriately used. We also recommend the Department investigate all differences noted in their reconciliation process and document the results of these investigations. We further recommend the Department make necessary updates to their cash receipts system to facilitate accurate reporting for the annual fee imposition report.

DEPARTMENT RESPONSE

The Department of Labor agrees.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2005

05-4. **FINDING** (Inaccurate accounts receivable records and reporting)

The Illinois Department of Labor (Department) did not accurately record and report accounts receivable.

As of June 30, 2003, the Department had gross receivables balances totaling \$280,000 recorded in 3 funds: General Revenue Fund (001) - \$94,000, Special State Trust Fund (251) - \$174,000, and Child Labor Law Fund (357) - \$12,000. However, the Department did not have documentation to support the transactions reported on the 24 quarterly accounts receivable reports submitted to the Comptroller's Office during Fiscal Years 2004 and 2005. In addition, there does not exist an adequate method of tracking and monitoring complaints related to billings, or receivables, as the Department does not record them.

Statewide Accounting Management System (SAMS) Procedure 26.20.10 states that accounts receivable should be recognized when the State's claim for future cash is reasonably estimable and the amount due becomes measurable. SAMS also states that detailed information should be maintained to facilitate the recognition and tracking of accounts receivable, including amounts due from individuals and organizations for the purchase of licenses and the payment of various statutorily or agency assessed fees.

Department personnel stated they did not feel the fees and penalties assessed by the Department fit the definition of accounts receivable. In order to zero out the receivables balances that had been previously recorded, amounts were reported to gradually eliminate the balances during Fiscal Years 2004 and 2005.

Failure to maintain accurate accounts receivable records and accurately report accounts receivable balances could lead to the failure to properly collect amounts owed to the State and inaccuracies in statewide financial statement reporting. (Finding Code No. 05-4)

RECOMMENDATION

We recommend the Department establish and implement formal policies and procedures to ensure accounts receivable are reported in accordance with SAMS procedures. We further recommend the Department keep detailed records of all billings and the corresponding collections to facilitate proper reporting of accounts receivable activity.

DEPARTMENT RESPONSE

The Department of Labor agrees.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2005

05-5. **FINDING** (Receipts not deposited timely)

The Illinois Department of Labor (Department) did not deposit receipts timely. We noted 10 of 60 (17%) receipts tested, totaling \$26,054, were deposited between 1 and 16 days late. We also noted 1 of 60 (2%) receipts tested, totaling \$897, was deposited 217 days late.

The State Officers and Employees Money Disposition Act (Act) (30 ILCS 230/2(a)) requires the Department to deposit into the State Treasury individual receipts exceeding \$10,000 on the same day, an accumulation of receipts of \$10,000 or more within 24 hours, receipts valued between \$500 and \$10,000 within 48 hours, and cumulative receipts valued up to \$500 on the next first or fifteenth day of the month after receipt.

Department personnel stated some of the delays were caused by sending the receipts and corresponding deposit slips through State mail.

Delayed deposit of cash receipts reduces the amount of funds available for expenditure and is noncompliance with the State Officers and Employees Money Disposition Act. (Finding Code No. 05-5)

RECOMMENDATION

We recommend the Department comply with the State Officers and Employees Money Disposition Act by depositing cash receipts in a timely manner.

DEPARTMENT RESPONSE

The Department of Labor agrees.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2005

05-6. **FINDING** (Inadequate control over contractual agreements)

The Illinois Department of Labor (Department) did not exercise adequate control over contractual agreements. We noted the following:

- One of seven (14%) contractual agreements, totaling \$14,200, where services began 316 days before the contract was approved and subsequently submitted to the State Comptroller's Office. In addition, the Department did not file a late filing affidavit for this instance. Good business practices require all contracts entered into be approved by all involved parties prior to the beginning of services. The Illinois Procurement Code (30 ILCS 500/20-80) requires an agency to file the contract covering the services along with an affidavit, signed by the chief executive officer of the agency or his or her designee, with the Comptroller's office stating that the services were agreed to before commencement of the services and setting forth an explanation of why the contract liability was not filed within 30 days of execution.
- One of seven (14%) contractual agreements, totaling \$15,000, where the corresponding contract obligation document was not signed by an approved agency official or his designee. Statewide Accounting Management System (SAMS) Procedure 15.20.10 states the name and title of the person authorizing the obligation must appear on the face of the contract obligation document.
- One of seven (14%) contractual agreements, totaling \$14,200, where the corresponding contract obligation document contained the incorrect contract number. SAMS Procedure 15.20.10 requires an agency to enter the contract number assigned by the agency on the contract obligation document. Good business practices require a careful review of source documentation and prepared reports before submission.

Department personnel stated contracts were not approved timely due to administrative delay and the contract obligation document was not signed due to oversight.

Failure to exercise adequate control over contractual agreements may result in loss of State funds and may subject the State to unnecessary legal risks. (Finding Code No. 05-6)

RECOMMENDATION

We recommend the Department strengthen controls to ensure contractual agreements are properly completed and approved by agency officials prior to the performance of services by contractors and ensure late filing affidavits are filed timely when necessary.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2005

DEPARTMENT RESPONSE

The Department of Labor agrees.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2005

05-7. **FINDING** (Property control weaknesses)

The Illinois Department of Labor (Department) did not exercise adequate control over recording and reporting of State property. We noted the following weaknesses:

- Seven of eight (88%) Quarterly Reports of State Property (C-15's) submitted to the State Comptroller's Office did not accurately reflect Department equipment transactions. An equipment transfer of \$1,122 was improperly reported as a deletion. An equipment item purchased for \$209 was improperly recorded as an addition of \$222. Additions during the last quarter of Fiscal Year 2005 were overstated by \$23,899 and by \$19,326 in Fiscal Year 2004. An equipment acquisition of \$106 was recorded in the wrong quarter. Additions totaling \$943 and deletions totaling \$3,879 were not reported on the C-15's. An equipment deletion of \$2,183 was improperly recorded as a deletion of \$2,366. The net effect of all C-15 errors noted is a \$26,672 overstatement of equipment as of June 30, 2005. Good business practices require an agency to review all reported information for accuracy before submission. Generally accepted accounting principles require assets to be recorded at cost. Statewide Accounting Management System (SAMS) (Procedure 29.20.10) requires an agency to report all additions to each asset class that occurred during the quarter being reported.
- The Department did not accurately correct errors noted during the previous period. The prior year auditors had determined equipment was overstated by \$2,753 and the Department reported an adjustment on a C-15. However, the Department did not make the corresponding adjustment on its inventory records. Good business practices require proper internal controls to be established to ensure the accuracy and reliability of accounting data.
- The Department did not maintain an adequate segregation of duties with respect to property control. The same employee maintained property records for the Department's Chicago location and performed the physical property inventory for the Department's Chicago location. Good internal controls require an adequate segregation of duties among employees.
- Equipment items purchased through the Federal Indoor Air Tools for Schools grant during Fiscal Years 2004 and 2005, totaling \$11,649, were not tagged or recorded on the Department's property inventory records. In addition, the items were not included on the C-15's submitted to the State Comptroller's Office. The Illinois Administrative Code (Code) (44 Ill. Adm. Code 5010.400) requires agencies to adjust property records within 30 days of acquisition, change, or deletion of equipment items. The Code (44 Ill. Adm. Code 5010.210) also requires agencies to be responsible for marking each piece of State-owned equipment with a unique six-digit identification number to be assigned by the agency holding the property. SAMS (Procedure 29.20.10) requires an agency to report all additions to each asset class that occurred during the quarter being reported.

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ILLINOIS DEPARTMENT OF LABOR
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2005

- Two of 25 (8%) equipment items, totaling \$2,976, could not be located. In addition, four of 25 (16%) equipment items, totaling \$7,448, were not listed at the proper location on the Department's inventory records. The items were listed as being in the Chicago Office on the Department's inventory records but were found in the Springfield Office. SAMS (Procedure 29.10.10) requires an agency to maintain current property information at a summary level which includes the location of the asset.

Department personnel stated the C-15 errors noted were due to oversight and personnel constraints in the fiscal department. Department personnel also stated they had planned to have another person perform the physical inventory, but that employee resigned before the physical inventory could be conducted. Furthermore, the equipment items purchased through the Federal grant were not tagged when purchased because they intended to tag all items and add them to inventory records at the conclusion of the grant.

Failure to exercise adequate control over property and maintain accurate property control records increases the potential for fraud and possible loss or theft of State property. In addition, inaccurate property reporting reduces the reliability of Statewide capital asset information. (Finding Code No. 05-7, 03-6)

RECOMMENDATION

We recommend the Department ensure all equipment is accurately and timely recorded on the Department's property records and properly tagged. In addition, we recommend the Department thoroughly review all reports prepared from internal records for accuracy before submission to the State Comptroller. We further recommend the Department establish a proper segregation of duties for property control functions.

DEPARTMENT RESPONSE

The Department of Labor agrees.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2005

05-8. **FINDING** (Improper use of appropriated funds)

The Illinois Department of Labor (Department) improperly used funds appropriated by the General Assembly.

During Fiscal Years 2004 and 2005, the Department received lump sum appropriations of \$146,000 and \$198,300, respectively, for costs associated with conducting an annual study regarding the employment progress of women and minorities as mandated by PA 87-405. However, an interagency agreement, effective November 16, 2004, transferred all powers, duties, rights and responsibilities with respect to administration of the annual study from the Department of Labor to the Illinois Department of Employment Security. Also, upon approval of the Director of Central Management Services, the one Department of Labor employee assigned to carry out the functions of this program was to be transferred to the Department of Employment Security. Lastly, all books, records, documents and pending business and property pertaining to the administration of the program were to become the property of the Department of Employment Security. No monies were to be transferred.

During our review of the annual study for the progress of women and minorities, we noted the following improper uses of appropriated funds:

- Prior to the transfer of responsibilities and appropriation to the Illinois Department of Employment Security the Department paid the entire amount of three employees salaries and related costs from the appropriation designated for the progress of women and minorities study. Only one out of the three employees actually worked on the progress of women and minorities study on a full time basis. Salaries totaling \$202,173 were paid to the other two employees, whose duties were divided between the study of the progress of women and minorities and Department's Equal Pay Act and Victims' Economic Security and Safety Act programs. Of the \$202,173 paid, \$100,404 were expenditures of Fiscal Year 2004 and \$101,769 were expenditures of Fiscal Year 2005.
- In addition, the Department continued to spend from this lump sum appropriation although the Department performed no further duties associated with this study after the transfer to the Department of Employment Security. Between December 1, 2004 and August 31, 2005, the Department spent a total of \$107,383 from this appropriation for personal services and related costs for two employees as well as for telecommunication and travel expenses for Department functions unrelated to the progress of women and minorities study.

Public Act 93-0842 (Appropriation Act) designated the expenditure authority from which the Department was authorized to expend its appropriation. The Appropriation Act specifically states that the lump sum is to be used for all costs associated with conducting the study mandated by PA 87-405, regarding the employment progress of women and minorities.

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ILLINOIS DEPARTMENT OF LABOR
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2005

Department personnel stated the remaining two employees who had historically worked on the progress of women and minorities study and were paid from this appropriation had concurrently worked on the Equal Pay Act (EPA) and the Victims' Economic Security and Safety Act (VESSA) programs for the Department and that expenditures from this appropriation were necessary to continue services in these areas.

Appropriations made by the General Assembly specify the purposes for which the public funds of the State may be expended. Expending money for costs other than those designated by the Appropriation Act is a violation of the appropriation process and limits legislative control. (Finding Code No. 05-8)

RECOMMENDATION

We recommend the Department limit expenditures from appropriated line items to the purpose for which they are appropriated.

DEPARTMENT RESPONSE

The Department of Labor agrees.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2005

05-9. **FINDING** (Voucher processing weaknesses)

The Illinois Department of Labor (Department) did not exercise adequate controls over voucher processing. We noted the following:

- Nineteen of 101 (19%) vouchers tested, totaling \$126,269, were approved for payment from 7 to 102 days late. The Illinois Administrative Code (74 Ill. Adm. Code Section 900.70) requires an agency to review a bill and either deny the bill in whole or part, ask for more information necessary to review the bill, or approve the bill in whole or in part, within 30 days after physical receipt of bill.
- The Department did not pay vendor interest charges totaling \$2,028 for 7 of 101 (7%) vouchers tested. The State Prompt Payment Act (30 ILCS 540/3-2) requires State agencies to determine whether interest is due and automatically pay interest penalties amounting to \$50 or more to the appropriate vendor when payment is not issued within 60 days after receipt of a proper bill.

Department personnel stated the vouchers were approved late due to administrative delays. Department personnel also stated they were unaware of the requirements to pay interest to vendors when they were not paid timely.

Failure to approve vouchers timely could subject the State to unnecessary interest charges. Failure to pay the required interest on vouchers is noncompliance with the State Prompt Payment Act. (Finding Code No. 05-9)

RECOMMENDATION

We recommend the Department implement procedures to ensure all vouchers are approved timely in accordance with the Illinois Administrative Code. We further recommend the Department develop and implement procedures to identify all vouchers not paid within 60 days to ensure the proper amount of interest is paid.

DEPARTMENT RESPONSE

The Department of Labor agrees.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2005

05-10. **FINDING** (Performance evaluations not completed)

The Illinois Department of Labor (Department) did not complete performance evaluations timely.

We noted the Department did not perform annual performance evaluations for 15 of 19 (79%) employees tested during the examination period. Four of these employees have not had an annual performance evaluation for the last two years.

The Illinois Department of Labor Employee Handbook states employees shall be evaluated at least annually. In addition, the Illinois Administrative Code (80 Ill. Adm. Code 302.270) also requires the Agency to prepare an evaluation on employees not less often than annually.

Department personnel stated the performance evaluations were not conducted timely because of transitions within Department administration.

Performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees. Performance evaluations should serve as a foundation for salary adjustment, promotion, demotion, discharge, layoff, recall, and reinstatement decisions. (Finding Code No. 05-10)

RECOMMENDATION

We recommend the Department comply with its Employee Handbook and the Illinois Administrative Code and perform evaluations timely for all employees.

DEPARTMENT RESPONSE

The Department of Labor agrees.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2005

05-11. **FINDING** (Noncompliance with Illinois Procurement Code)

The Department of Labor (Department) did not comply with the Illinois Procurement Code regarding the publication of pamphlets and documents.

None of the pamphlets printed by or for the Department during the examination period contained the requirements as listed in the Illinois Procurement Code. More specifically, the pamphlets did not contain the following information: “Printed by the authority of the State of Illinois,” the date of each publication, the number of copies printed, and the printing order number as required by the Illinois Procurement Code. No pamphlets could be found that contained these requirements.

The Illinois Procurement Code (30 ILCS 500/20-105) requires all “...books, pamphlets, documents and reports published through or by the State of Illinois or any State agency, board, or commission...” have printed on each item “Printed by authority of the State of Illinois,” the date of each publication, the number of copies printed, and the printing order number.

Department personnel stated they were unaware of the requirements of the Illinois Procurement Code regarding publications.

Publishing books, pamphlets, documents and reports without the required statements is noncompliance with the Illinois Procurement Code. (Finding Code No. 05-11)

RECOMMENDATION

We recommend the Department comply with the Illinois Procurement Code requirements by ensuring all books, pamphlets, documents and reports published by or for the Department include the required information.

DEPARTMENT RESPONSE

The Department of Labor agrees.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2005

05-12. **FINDING** (Voucher approval weaknesses)

The Illinois Department of Labor (Department) did not exercise adequate control over voucher approvals. We noted the following weaknesses:

- The Director of the Department did not sign all vouchers exceeding \$1,000. We noted 17 of 25 (68%) vouchers selected for testing, totaling \$82,213, that did not include the Director's original signature. The Department's Fiscal Officer, who has signature authority for the Director, stamped the Director's signature on these vouchers exceeding \$1,000. The Department's response to prior year finding 03-2 stated an adequate segregation of duties would be achieved by having the Director sign all voucher requests greater than \$1,000.
- The Department's Fiscal Officer approved his own reimbursement requests for travel and commodities by stamping the Director's signature on the reimbursement vouchers.

Good business practices requires adequate segregation of duties in order to help ensure the safeguarding of assets through the prevention of improper expenditures. The maintenance of appropriate segregation of duties promotes operational efficiency and enhances the accuracy and reliability of accounting data.

Department personnel stated the vouchers exceeding \$1,000 were not signed by the Director due to oversight and changes in administration.

Voucher approval weaknesses increase the likelihood that a loss from errors or irregularities could occur and remain undetected in the normal course of employees executing their assigned duties. (Finding Code No. 05-12, 03-2, 01-1, 99-1)

RECOMMENDATION

We recommend the Department ensure an adequate segregation of duties in order to maintain effective internal control over the recordkeeping and accounting duties concerned with asset physical control over expenditures. Furthermore, we recommend the Director approve all reimbursement requests for the Department's Fiscal Officer.

DEPARTMENT RESPONSE

The Department of Labor agrees.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2005

- 05-13. **FINDING** (Time sheets not maintained in compliance with the State Officials and Employees Ethics Act)

The Illinois Department of Labor (Department) did not maintain time sheets in compliance with the State Officials and Employees Ethics Act (Act).

We noted the Department employees did not maintain time sheets in compliance with the Act. Employees are required to sign in upon arriving at work and sign out upon leaving work. However, the time sheets do not document the time spent each day on official State business to the nearest quarter hour.

The Act requires the Department to adopt personnel policies consistent with the Act. The Act (5 ILCS 430/5-5(c)) states, "The policies shall require State employees to periodically submit time sheets documenting the time spent each day on official State business to the nearest quarter hour."

Department personnel stated they felt their sign-in sheet and use of the CMS payroll system were adequate methods of fulfilling the requirements of the Act.

By not maintaining appropriate time sheets, the Department is not in compliance with the Act. (Finding Code No. 05-13)

RECOMMENDATION

We recommend the Department amend its policies to require all employees maintain time sheets in compliance with the Act.

DEPARTMENT RESPONSE

The Department of Labor disagrees.

In their memo dated January 13, 2004, the Governor's Office issued two separate timesheet policies. The first policy is for all agency employees. The memo specifically states that the Department of Labor is in compliance with the timesheet policy pertaining to all employees because the Department uses the CMS' Payroll System. This timesheet policy does not require that the timesheet state that the time worked is for State business.

The second timesheet policy is for management employees only. This policy requires that all management staff complete a timesheet that "records time on and off official State business." The Department has complied with this policy since its inception, and in fact utilizes the timesheet that the Governor's Office issued in conjunction with this policy. These timesheets are maintained in the Department's Springfield Office.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2005

AUDITOR COMMENT

As noted in the finding, the State Officials and Employees Ethics Act requires “State employees to periodically submit time sheets documenting the time spent each day on official State business to the nearest quarter hour...” 5 ILCS 430/5-5(c). The timekeeping system used by the Department requires employees to sign in and out each day and to report time away from State business, not the time spent each day on official State business. Further, the CMS payroll system does not track time for salaried workers and, therefore, does not constitute a timekeeping system for all Department employees. Finally, the memorandum from the Governor’s Office upon which the Department relies, states that it “is not a formal legal opinion...” The auditors continue to believe that the current procedures followed by the Department do not meet the timesheet requirements of the Act. If the Department disagrees, we further recommend the Department obtain a formal, written opinion from the Attorney General concerning this matter.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
PRIOR FINDINGS NOT REPEATED
For the Two Years Ended June 30, 2005

05-14. **FINDING** (Inadequate Controls Over Revenues and Receivables)

During the prior period, the Department failed to perform timely monthly revenue reconciliations comparing Agency records with those of the Comptroller for Fiscal Year 2003. In addition, the Department did not timely file receivable reports or maintain support for arbitration receipts.

During the current period, the Department performed monthly revenue reconciliations comparing Agency records with those of the Comptroller and timely filed its accounts receivable reports with the Office of the Comptroller; however, during Fiscal Years 2004 and 2005, we noted errors in the Department's reconciliation process and noted the Department did not maintain adequate support for the transactions reported to the Office of the Comptroller, and these errors are described as current year Finding Code No. 05-3. In addition, we noted the Department maintained adequate supporting documentation for arbitration receipts selected for testing. (Finding Code No. 03-3)

05-15. **FINDING** (Noncompliance with Toxic Substances Disclosure Act)

During the prior period, the Department did not implement adequate procedures to monitor the timely submission of current toxic substances data sheets by public employers.

During the current period, the Department implemented procedures to better monitor the timely submission of current toxic substance data sheets by public employers. (Finding Code No. 03-5)

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2005

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:

- Schedule of Expenditures of Federal Awards
- Notes to the Schedule of Expenditures of Federal Awards
- Schedule of Appropriations, Expenditures and Lapsed Balances
- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
- Schedule of Efficiency Initiative Payments
- Schedule of Changes in State Property
- Comparative Schedule of Cash Receipts (Not Examined)
- Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller (Not Examined)
- Analysis of Significant Variations in Expenditures
- Analysis of Significant Variations in Receipts
- Analysis of Significant Lapse Period Spending

- Analysis of Operations:

- Agency Functions and Planning Program
- Average Number of Employees
- Service Efforts and Accomplishments (Not Examined)

The auditors' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General, except for information on Service Efforts and Accomplishments on which they did not perform any procedures. However, the auditors do not express an opinion on the supplementary information.

STATE OF ILLINOIS
 ILLINOIS DEPARTMENT OF LABOR
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30,

Federal Grantor/ Program Title	Federal CFDA Number	Federal Expenditures	
		2005	2004
U.S. Environmental Protection Agency			
Indoor Air Quality Tools for Schools	66.606	\$ 7,941	\$ 19,927
Total Expenditures of Federal Awards		\$ 7,941	\$ 19,927

See accompanying notes to the Schedule of Expenditures of Federal Awards.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Two Years Ended June 30, 2005 and 2004

NOTE 1 – Significant Accounting Policies

A. Basis of Presentation

The Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the State of Illinois, Illinois Department of Labor (Department), for the years ended June 30, 2005 and June 30, 2004.

B. Basis of Accounting

The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

NOTE 2 – Description of Grant Programs

The following is a brief description of the grant program included in the Schedule of Expenditures of Federal Awards:

Indoor Air Quality Tools for Schools – CFDA #66.606

The Department received a grant directly from the U.S. Environmental Protection Agency to focus on promoting services and providing current information to school officials related to indoor air quality.

NOTE 3 – Pass-Through and Subrecipient Awards

The Department received all of its Federal assistance directly from the U.S. Environmental Protection Agency, and did not provide any awards to subrecipients.

NOTE 4 – Noncash Awards

The Department did not receive any noncash awards.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Fiscal Year Ended June 30, 2005

P.A. 93-0842 FISCAL YEAR 2005	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
APPROPRIATED FUNDS					
General Revenue Fund - 001					
Personal Services	\$ 3,445,740	\$ 3,309,017	\$ 116,854	\$ 3,425,871	\$ 19,869
Employee Retirement					
Contributions Paid by Employer	4,033	4,030	0	4,030	3
State Contribution to State					
Employees' Retirement System	552,395	533,071	6,683	539,754	12,641
State Contributions to Social Security	253,300	241,420	8,689	250,109	3,191
Contractual Services	311,600	172,735	11,334	184,069	127,531
Travel	179,035	157,694	16,128	173,822	5,213
Commodities	19,600	14,175	4,911	19,086	514
Printing	35,000	21,090	3,842	24,932	10,068
Equipment	23,280	10,471	165	10,636	12,644
Electronic Data Processing	83,800	65,549	18,086	83,635	165
Telecommunications	78,050	62,929	12,176	75,105	2,945
Operation of Automotive Equipment	0	0	0	0	0
Displaced Homemaker Grant Program					
Administration and Operations	47,000	46,488	0	46,488	512
Employment Progress of Women and Minorities	198,300	179,190	91	179,281	19,019
Refunds	100	0	0	0	100
Displaced Homemaker Grant Program	621,300	438,268	178,626	616,894	4,406
Total General Revenue Fund	\$ 5,852,533	\$ 5,256,127	\$ 377,585	\$ 5,633,712	\$ 218,821

Note: Appropriations, expenditures, and lapsed balances were obtained from Agency records and have been reconciled to records of the State Comptroller.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Fiscal Year Ended June 30, 2005

P.A. 93-0842 FISCAL YEAR 2005	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
Child Labor Enforcement Trust Fund - 357					
Administration of Child Labor Law	\$ 157,700	\$ 148,272	\$ 332	\$ 148,604	\$ 9,096
Total Child Labor Enforcement Trust Fund	<u>\$ 157,700</u>	<u>\$ 148,272</u>	<u>\$ 332</u>	<u>\$ 148,604</u>	<u>\$ 9,096</u>
Total - All Appropriated Funds	<u><u>\$ 6,010,233</u></u>	<u><u>\$ 5,404,399</u></u>	<u><u>\$ 377,917</u></u>	<u><u>\$ 5,782,316</u></u>	<u><u>\$ 227,917</u></u>
NON-APPROPRIATED FUNDS					
Department of Labor Special State Trust Fund - 251					
Grants and Awards		\$ 646,144	\$ 20,553	\$ 666,697	
Department of Labor Federal Trust Fund - 724					
Administration of Federal Project		\$ 4,995	\$ 2,946	\$ 7,941	
Total All Non-Appropriated Funds		<u><u>\$ 651,139</u></u>	<u><u>\$ 23,499</u></u>	<u><u>\$ 674,638</u></u>	
GRAND TOTAL ALL FUNDS		<u><u>\$ 6,055,538</u></u>	<u><u>\$ 401,416</u></u>	<u><u>\$ 6,456,954</u></u>	

Note: Appropriations, expenditures, and lapsed balances were obtained from Agency records and have been reconciled to records of the State Comptroller.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Fiscal Year Ended June 30, 2004

P.A. 93-0062 FISCAL YEAR 2004	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
APPROPRIATED FUNDS					
General Revenue Fund - 001					
Personal Services	\$ 3,449,000	\$ 3,366,087	\$ 2,590	\$ 3,368,677	\$ 80,323
Employee Retirement					
Contributions Paid by Employer	138,000	94,692	67	94,759	43,241
State Contribution to State					
Employees' Retirement System	461,600	322,463	0	322,463	139,137
State Contributions to Social Security	263,900	250,754	198	250,952	12,948
Contractual Services	352,800	232,252	27,713	259,965	92,835
Travel	228,400	165,977	20,172	186,149	42,251
Commodities	24,200	16,522	553	17,075	7,125
Printing	43,700	23,856	170	24,026	19,674
Equipment	300	0	0	0	300
Electronic Data Processing	99,700	62,333	34,492	96,825	2,875
Telecommunications	85,300	66,572	5,332	71,904	13,396
Operation of Automotive Equipment	100	0	0	0	100
Displaced Homemaker Grant Program					
Administration and Operations	50,000	47,324	110	47,434	2,566
Employment Progress of Women and Minorities	191,700	173,564	5,290	178,854	12,846
Refunds	100	88	0	88	12
Displaced Homemaker Grant Program	647,200	526,283	120,481	646,764	436
Total General Revenue Fund	\$ 6,036,000	\$ 5,348,767	\$ 217,168	\$ 5,565,935	\$ 470,065

Note: Appropriations, expenditures, and lapsed balances were obtained from Agency records and have been reconciled to records of the State Comptroller.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For The Fiscal Year Ended June 30, 2004

P.A. 93-0062 FISCAL YEAR 2004	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
Child Labor Enforcement Trust Fund - 357					
Administration of Child Labor Law	\$ 146,000	\$ 140,319	\$ 483	\$ 140,802	\$ 5,198
Total Child Labor Enforcement Trust Fund	<u>\$ 146,000</u>	<u>\$ 140,319</u>	<u>\$ 483</u>	<u>\$ 140,802</u>	<u>\$ 5,198</u>
Total - All Appropriated Funds	<u><u>\$ 6,182,000</u></u>	<u><u>\$ 5,489,086</u></u>	<u><u>\$ 217,651</u></u>	<u><u>\$ 5,706,737</u></u>	<u><u>\$ 475,263</u></u>
NON-APPROPRIATED FUNDS					
Department of Labor Special State Trust Fund - 251					
Grants and Awards		\$ 750,218	\$ 0	\$ 750,218	
Department of Labor Federal Trust Fund - 724					
Administration of Federal Project		\$ 19,868	\$ 59	\$ 19,927	
Total All Non-Appropriated Funds		<u><u>\$ 770,086</u></u>	<u><u>\$ 59</u></u>	<u><u>\$ 770,145</u></u>	
GRAND TOTAL ALL FUNDS		<u><u>\$ 6,259,172</u></u>	<u><u>\$ 217,710</u></u>	<u><u>\$ 6,476,882</u></u>	

Note: Appropriations, expenditures, and lapsed balances were obtained from Agency records and have been reconciled to records of the State Comptroller.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30,

	Fiscal Year		
	2005	2004	2003
General Revenue Fund - 001	P.A. 93-0842	P.A. 93-0062	P.A. 92-0538
<hr/>			
Appropriations (Net of Transfers)	\$ 5,852,533	\$ 6,036,000	\$ 6,697,700
Personal Services	\$ 3,425,871	\$ 3,368,677	\$ 3,781,652
Employee Retirement			
Contributions Paid by Employer	4,030	94,759	142,302
State Contribution to State			
Employees' Retirement System	539,754	322,463	393,215
State Contributions to Social Security	250,109	250,952	280,581
Contractual Services	184,069	259,965	260,436
Travel	173,822	186,149	201,325
Commodities	19,086	17,075	14,139
Printing	24,932	24,026	24,234
Equipment	10,636	0	0
Electronic Data Processing	83,635	96,825	59,856
Telecommunications	75,105	71,904	73,038
Operation of Automotive Equipment	0	0	146
Displaced Homemaker Grant Program			
Administration and Operations	46,488	47,434	47,595
Workplace Initiative for Safe Employment	0	0	3,902
Employment Progress of Women and Minorities	179,281	178,854	194,356
Refunds	0	88	0
Displaced Homemaker Grant Program	616,894	646,764	788,254
	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 5,633,712	\$ 5,565,935	\$ 6,265,031
	<hr/>	<hr/>	<hr/>
Lapsed Balances	\$ 218,821	\$ 470,065	\$ 432,669
	<hr/>	<hr/>	<hr/>
Child Labor Enforcement Trust Fund - 357			
Appropriations (Net of Transfers)	\$ 157,700	\$ 146,000	\$ 158,700
Administration of Child Labor Law	\$ 148,604	\$ 140,802	\$ 148,694
Lapsed Balances	\$ 9,096	\$ 5,198	\$ 10,006
	<hr/>	<hr/>	<hr/>

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30,

	Fiscal Year		
	2005	2004	2003
GRAND TOTAL - ALL APPROPRIATED FUNDS			
Appropriations (Net of Transfers)	<u>\$ 6,010,233</u>	<u>\$ 6,182,000</u>	<u>\$ 6,856,400</u>
Total Expenditures	<u>\$ 5,782,316</u>	<u>\$ 5,706,737</u>	<u>\$ 6,413,725</u>
Lapsed Balances	<u>\$ 227,917</u>	<u>\$ 475,263</u>	<u>\$ 442,675</u>
 NON-APPROPRIATED FUNDS			
Department of Labor Special State Trust Fund - 251			
Grants and Awards	<u>\$ 666,697</u>	<u>\$ 750,218</u>	<u>\$ 799,310</u>
 Department of Labor Federal Trust Fund - 724			
Administration of Federal Project	<u>\$ 7,941</u>	<u>\$ 19,927</u>	<u>\$ 12,131</u>
Total All Non-Appropriated Funds	<u>\$ 674,638</u>	<u>\$ 770,145</u>	<u>\$ 811,441</u>
 GRAND TOTAL EXPENDITURES - ALL FUNDS	 <u>\$ 6,456,954</u>	 <u>\$ 6,476,882</u>	 <u>\$ 7,225,166</u>
 General Revenue Fund - 001 State Comptroller			
State Officers' Salaries			
Appropriations (Net of Transfers)	<u>\$ 294,700</u>	<u>\$ 294,700</u>	<u>\$ 294,700</u>
Director	\$ 105,400	\$ 35,133	\$ 104,753
Assistant Director	23,125	70,912	0
Chief Factory Inspector	44,321	44,321	44,321
Superintendent of Safety Inspection Education	<u>48,752</u>	<u>48,752</u>	<u>48,752</u>
Total Expenditures	<u>\$ 221,598</u>	<u>\$ 199,118</u>	<u>\$ 197,826</u>
Lapsed Balances	<u>\$ 73,102</u>	<u>\$ 95,582</u>	<u>\$ 96,874</u>

STATE OF ILLINOIS
 ILLINOIS DEPARTMENT OF LABOR
SCHEDULE OF EFFICIENCY INITIATIVE PAYMENTS
 For The Two Years Ended June 30, 2005

<u>Procurement Efficiency Initiative</u>	<u>FY05</u>	<u>FY04</u>
General Revenue Fund - 001		
Commodities	\$ -	\$ 3,000
Printing		6,000
Telecommunications		2,000
Travel		23,057
Sub-Total	<u>\$ -</u>	<u>\$ 34,057</u>
 <u>Information Technology Initiatives</u>		
General Revenue Fund - 001		
Electronic Data Processing	\$ 9,183	\$ 18,409
Sub-Total	<u>\$ 9,183</u>	<u>\$ 18,409</u>
Grand Total	<u><u>\$ 9,183</u></u>	<u><u>\$ 52,466</u></u>

Note: This schedule includes only those payments made pursuant to 30 ILCS 105/6p-5. Amounts were obtained from the Agency and reconciled to information from the Office of the Comptroller.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
SCHEDULE OF CHANGES IN STATE PROPERTY
For the Two Years Ended June 30, 2005

	Equipment
Balance at July 1, 2003	\$ 694,372
Additions	10,883
Deletions	6,591
Net Transfers	0
Balance at June 30, 2004	\$ 698,664
Balance at July 1, 2004	\$ 698,664
Additions	35,761
Deletions	45,649
Net Transfers	(1,684)
Balance at June 30, 2005	\$ 687,092

Note: The above schedule has been derived from Agency records which have been reconciled to property reports submitted to the Office of the Comptroller.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
COMPARATIVE SCHEDULE OF CASH RECEIPTS (NOT EXAMINED)
For the Fiscal Years Ended June 30,

<u>GENERAL REVENUE FUND - 001</u>	<u>Fiscal Year</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Private Employment Agencies Inspection Fees	\$ 110,115	\$ 130,080	\$ 130,321
Labor Standards Fees	3,725	2,600	8,500
Carnival-Amusement Ride Inspection Fees	109,540	103,435	109,700
Nurse Agencies	84,700	97,500	90,001
Miscellaneous	10,503	29,456	16,807
Fines and Penalties	269,452	278,423	197,254
Day Labor Fees	0	0	24,250
Total Receipts	<u>\$ 588,035</u>	<u>\$ 641,494</u>	<u>\$ 576,833</u>

**RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER (NOT EXAMINED)**
For the Fiscal Years Ended June 30,

<u>GENERAL REVENUE FUND - 001</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Receipts per Department Records	\$ 588,035	\$ 641,494	\$ 576,833
Add: Deposits in Transit, Beginning of Year	36,195	92,680	32,777
Less: Deposits in Transit, End of Year	(22,680)	(36,195)	(92,680)
Adjustments			
Negative Clearing Account	(16,762)	16,762	0
Due to/from other funds	0	11,995	0
Prior Year Reclassification	0	0	0
Other Adjustments	<u>(2,567)</u>	<u>0</u>	<u>(4,976)</u>
Deposits Remitted to the Comptroller	<u>\$ 582,221</u>	<u>\$ 726,736</u>	<u>\$ 511,954</u>

Note: Data presented is considered not examined. See Finding Code No. 05-3 and the Independent Accountants' Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
COMPARATIVE SCHEDULE OF CASH RECEIPTS (NOT EXAMINED)
For the Fiscal Years Ended June 30,

<u>SPECIAL STATE TRUST FUND - 251</u>	Fiscal Year		
	2005	2004	2003
Collection of Labor Law Claims	\$ 812,678	\$ 834,873	*

**RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER (NOT EXAMINED)**
For the Fiscal Years Ended June 30,

<u>SPECIAL STATE TRUST FUND - 251</u>	2005	2004	2003
Receipts per Department Records	\$ 812,678	\$ 834,873	*
Add: Deposits in Transit, Beginning of Year	32,266	50,000	*
Less: Deposits in Transit, End of Year	(92,264)	(32,266)	*
Adjustments			
NSF Checks	0	0	*
Due to/from other funds	0	0	*
Prior Year Reclassification	0	0	*
Other Adjustments	4,703	0	*
Deposits Remitted to the Comptroller	\$ 757,383	\$ 852,607	\$ 1,198,307

Note: Data presented is considered not examined. See Finding Code No. 05-3 and the Independent Accountants' Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes.

* The 2003 column information was not available. See prior year Finding Code No. 03-3.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
COMPARATIVE SCHEDULE OF CASH RECEIPTS (NOT EXAMINED)
For the Fiscal Years Ended June 30,

<u>CHILD LABOR LAW ENFORCEMENT FUND - 357</u>	Fiscal Year		
	2005	2004	2003
Collection of Fines and Penalties	\$ 59,761	\$ 37,830	*
Day Labor Penalties	41,849	38,170	*
Total Receipts	<u>\$ 101,610</u>	<u>\$ 76,000</u>	<u>*</u>

**RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER (NOT EXAMINED)**
For the Fiscal Years Ended June 30,

<u>CHILD LABOR LAW ENFORCEMENT FUND - 357</u>	2005	2004	2003
Receipts per Department Records	\$ 101,610	\$ 76,000	*
Add: Deposits in Transit, Beginning of Year	13,150	12,475	*
Less: Deposits in Transit, End of Year	(4,850)	(13,150)	*
Adjustments			
NSF Checks	0	0	*
Due to/from other funds	0	0	*
Prior Year Reclassification	0	0	*
Other Adjustments	<u>0</u>	<u>0</u>	<u>*</u>
Deposits Remitted to the Comptroller	<u>\$ 109,910</u>	<u>\$ 75,325</u>	<u>\$ 80,803</u>

Note: Data presented is considered not examined. See Finding Code No. 05-3 and the Independent Accountants' Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes. See Finding Code No. 05-3.

* The 2003 column information was not available. See prior year Finding Code No. 03-3.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
COMPARATIVE SCHEDULE OF CASH RECEIPTS
For the Fiscal Years Ended June 30,

<u>FEDERAL TRUST FUND - 724</u>	<u>Fiscal Year</u>		
	<u>2005</u>	<u>2004</u>	<u>2003</u>
Administration of Federal Project	\$ -	\$ -	\$ 40,000

**RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER**
For the Fiscal Years Ended June 30,

<u>FEDERAL TRUST FUND - 724</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Receipts per Department Records	\$ -	\$ -	\$ 40,000
Add: Deposits in Transit, Beginning of Year	-	-	-
Less: Deposits in Transit, End of Year	-	-	-
Adjustments			
NSF Checks	-	-	-
Due to/from other funds	-	-	-
Prior Year Reclassification	-	-	-
Other Adjustments	-	-	-
Deposits Remitted to the Comptroller	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,000</u>

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Fiscal Years Ended June 30, 2005

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2005 AND 2004

General Revenue Fund (001)

Employee Retirement Contributions Paid by Employer

The decrease in Employee Retirement Contributions Paid by the Employer expenditures was due to the State ceasing to pay the employee's portion of retirement contributions during Fiscal Year 2005.

State Contribution to State Employees' Retirement System

The increase in State's Contribution to State Employees' Retirement System expenditures was due to an increase in the budgeted retirement rate from 13.439% in Fiscal Year 2004 to 16.107% in Fiscal Year 2005. In addition, contributions were not made from appropriations from April 2004 to June 2004 pursuant to P.A. 93-0665.

Contractual Services

The decrease in contractual services expenditures was due to the Department contracting for legal services to reduce a backlog of cases and for investigating an extraordinary case in Fiscal Year 2004. The additional legal counsel and investigative services were not needed during Fiscal Year 2005.

Equipment

The increase in equipment expenditures was due to the purchase of several office equipment items during Fiscal Year 2005, including a postage meter, fax machine, office chairs, and filing cabinets.

Department of Labor Federal Projects Fund (724)

Administration of Federal Projects

The decrease in administration of federal projects expenditures resulted from the Department acquiring fewer pieces of air quality testing equipment during Fiscal Year 2005.

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2004 AND 2003

General Revenue Fund (001)

Employee Retirement Contributions Paid by Employer

The decrease in Employee Retirement Contributions Paid by the Employer expenditures was due to the elimination of agency payroll contributions from April 2004 to June 2004 due to P.A. 93-0665 and an overall decrease in the number of Department employees.

Electronic Data Processing

The increase in electronic data processing expenditures was due to a large number of purchases at the end of Fiscal Year 2004 for printers, digital cameras, toner, projectors, a shredder, paper, and ink cartridges.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Fiscal Years Ended June 30, 2005

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL
YEARS 2004 AND 2003, continued**

Department of Labor Federal Projects Fund (724)

Administration of Federal Projects

The increase in administration of Federal projects expenditures was due to air quality testing equipment purchases totaling \$6,835 during Fiscal Year 2004.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Fiscal Years Ended June 30, 2005

**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS
2004 AND 2005**

Child Labor Law Enforcement Fund (357)

Collection of Fines and Penalties

The increase of \$21,931 was due to noncompliance with Child Labor laws by Illinois employers, which resulted in more fines and penalties assessed and collected for child employment violations.

**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS
2003 AND 2004**

General Revenue Fund (001)

Fines and Penalties

The increase of \$81,169 was due to the hiring of a new Director, who emphasized 100% collection of all fines and penalties assessed against employers.

Special State Trust Fund (251)

Collection of Labor Law Claims

The decrease of \$371,900 was due to staffing 5 fewer compliance officers and fewer employees filing claims against employers for earned but unpaid wages.

Child Labor Law Enforcement Fund (357)

Day Labor

The 100% increase was due to a statutory revision causing the Day Labor fees to now be deposited in the Child Labor Law Enforcement Fund instead of the General Revenue Fund.

Department of Labor Federal Projects Fund (724)

Administration of Federal Projects

The Department received a one-time grant from the U.S. Environmental Protection Agency to fund the Indoor Air Tools for Schools Program during Fiscal Year 2003.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Fiscal Years Ended June 30, 2005

FISCAL YEAR 2005

General Revenue Fund (001)

Commodities

Commodities expenditures totaling \$4,911 during the lapse period were due to large purchases of general office supplies late in the fiscal year. The related invoices were not received until the lapse period.

Electronic Data Processing

Electronic data processing expenditures totaling \$18,086 during the lapse period were mainly due to the ordering of 13 laptops late in the fiscal year. The related invoices were not received until the lapse period.

Displaced Homemaker Grant Program

Displaced Homemaker Grant Program expenditures totaling \$178,626 during the lapse period were due to a large number of reimbursement requests from grantees received by the Department late in the fiscal year.

FISCAL YEAR 2004

General Revenue Fund (001)

Electronic Data Processing

Electronic data processing expenditures totaling \$34,492 during the lapse period were due to large purchases late in the fiscal year, including several digital cameras, toner, printer ink cartridges, and other electronic data processing supplies. The related invoices were not received until the lapse period.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2005

AGENCY FUNCTIONS

The Illinois Department of Labor was created in 1917 through the Civil Administrative Code and is given its statutory authority through the Department of Labor Law (20 ILCS 1505 *et seq.*). The Department administers and enforces 28 various Illinois Labor Laws that regulate wages, hours, working conditions, minors in the work force and licensing of employers in certain businesses. Through the regulation of amusement rides, employment agencies, and nurse registries, the Department protects and serves the people of the State of Illinois. The Department also began administering the Equal Pay Act and Victims Social Security Act in 2004.

The Department administers labor laws by promoting and publicizing Illinois labor law information to employers and employees and investigating potential employer violations on a complaint made basis. In addition, the Department upon request of the parties involved conducts hearings and appoints arbitrators for labor cases. The Department also conducts periodic inspections of work sites for compliance with safety laws.

Departmental operations are carried out through the following seven divisions:

1. The Administration Division provides support services and overall administrative resources to the program divisions. These include fiscal/budget management, procurement, personnel, public information, legislative liaison services, electronic data processing (EDP), affirmative action, and the Department's Chief Legal Counsel.
2. The Law Division serves as an autonomous area, providing hearing and mediation functions for employees and employers in Illinois. The Division maintains a strict separation between its hearings and advocacy functions.
3. The Fair Labor Standards Division is responsible for administering and enforcing eleven statutes encompassing wage and hour laws, protective child labor laws, day off and meal period requirements and statutes regulating private employment, day and temporary labor agencies and nurse agencies.
4. The Prevailing Wage Division enforces prevailing wage standards for workers employed on public works projects. Additionally, the Division provides arbitration and mediation services and enforces certain "whistleblower" protection laws.
5. The Public Safety and Education Division is responsible for occupational safety and health regulations for an estimated 14,000 State and local governmental work sites. The Division's jurisdiction extends protection to more than 727,000 employees working in State, township, county and municipal governments, including park, school and fire protection districts.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2005

AGENCY FUNCTIONS, continued

6. The Carnival and Amusement Ride Safety Division enforces safety standards through annual inspections and the issuance of permits for amusement rides, inflated attractions, ski lifts, rope tows, go-kart tracks, aerial trams, dry slides and some water amusements. In addition, bungee cords and other elastic devices came under jurisdiction of the Division in 1994. All amusement rides and amusement attractions open to the public are subject to regulation. The Carnival-Amusement Safety Board develops rules, which the Division enforces.

7. The Equal Opportunity Workforce Division increases public education and awareness of workplace equity and diversity and monitors the employment progress of women and minorities in the Illinois workforce through informative reporting. The Illinois Support, Training, and Employment Program for Displaced Homemakers (ISTEP) (formerly the Displaced Homemakers Program) is a workforce development program that empowers displaced homemakers to achieve economic self-sufficiency through education, training and employment. During Fiscal Year 2005, the reporting responsibilities of this division, regarding the employment progress of women and minorities, were transferred to the Illinois Department of Employment Security.

PLANNING PROGRAM

The Department issued a formal Strategic Plan December 14, 1992, most recently updated September 1, 2004. The Department's stated mission is to promote and protect the rights, wages, welfare, working conditions, safety and health of Illinois workers through education and the enforcement of the State labor laws and standards, and to safeguard the public through the regulation of amusement rides. The plan identified five key priorities that provided the general framework for the Department's operations. Each priority was delineated into agency-wide, objectives, implementation strategies, performance targets, and plans of action, which were broken into definite individual tasks including staff assignments and time-lines. The progress on individualized tasks identified in the plan is monitored through quarterly senior staff meetings. Senior staff also submit monthly reports to the Director, which detail the progress and operating statistics of each division.

AUDITORS' ASSESSMENT OF AGENCY'S PLANNING PROGRAM

The Illinois Department of Labor appears to be effectively using its planning program and has established adequate operating programs to meet their defined goals and objectives.

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2005

AVERAGE NUMBER OF EMPLOYEES

The following table, prepared from Agency records presents the average number of employees, by function, for the Fiscal Years ended June 30,

	<u>2005</u>	<u>2004</u>	<u>2003</u>
State Officers	3	3	3
Regular Positions:			
Administration	11	12	14
Equal Opportunity Workforce	3	4	4
Public Safety and Education	17	17	21
Fair Labor Standards	44	46	49
Child Labor Law Enforcement	<u>2</u>	<u>2</u>	<u>2</u>
Total Average Full-Time Employees	<u><u>80</u></u>	<u><u>84</u></u>	<u><u>93</u></u>

STATE OF ILLINOIS
ILLINOIS DEPARTMENT OF LABOR
SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)
For the Two Years Ended June 30,

A summary of operating statistics, prepared from Department records, is presented below.

	Fiscal Year		
	2005	2004	2003
<u>PUBLIC EMPLOYEE SAFETY</u>			
Number of complaints received due to safety problems noted in public buildings	91	88	79
Number of days spent on investigations of safety problems noted in public buildings	453	607	419
Average number of days needed to investigate a safety problem in a public building	5.0	6.9	5.3
<u>CARNIVAL/AMUSEMENT RIDE SAFETY</u>			
Rides inspected	1,874	1,971	2,032
Number of amusement ride injuries due to mechanical failure per 10,000,000 riders	0	0	0.40
<u>CHILD LABOR LAW ENFORCEMENT</u>			
Number of child labor law complaints received	205	2,176	3,592
Percent of child labor complaints resolved	100%	100%	100%
<u>DISPLACED HOMEMAKER PROGRAM</u>			
Number of participants	1,373	1,490	1,726
Number of participants who obtained employment	342	334	418
Number of participants who obtained education or training	366	364	615
<u>ILLINOIS PREVAILING WAGE</u>			
Prevailing wage complaints completed	1,201	1,346	1,079
Percent of complaints investigated and closed within 180 days of receipt	80%	76%	94%

STATE OF ILLINOIS
 ILLINOIS DEPARTMENT OF LABOR
SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)
 For the Two Years Ended June 30,

	Fiscal Year		
	2005	2004	2003
<u>LABOR ARBITRATION SERVICE ACT</u>			
Arbitration hearings	47	35	40
Percent of arbitration decisions issued within 60 days of hearing	98%	100%	100%
<u>MINIMUM WAGE LAW</u>			
Number of investigations completed	887	1,189	1,090
Percent of complaints investigated and closed within 2 years of receipt	97%	93%	96%